

SUMMARY OF ACTIVITIES  
OF THE  
NATIONAL PETROLEUM COUNCIL'S  
DISTRICT I REGIONAL ADVISORY COMMITTEE

March 31, 1948

## REPORT OF ACTIVITIES

### PETROLEUM REGIONAL ADVISORY COMMITTEE FOR DISTRICT ONE

February 4, 1948 - March 31, 1948

Acting on a telegram, dated February 4, from Mr. Walter S. Hallanan, Chairman of the National Petroleum Council, appointing him Chairman of the Petroleum Regional Advisory Committee for District One, Mr. B. I. Graves, Vice President of Tidewater Associated Oil Company, promptly called a meeting of the Committee of twenty persons, which group had been named by the National Petroleum Council, and approved by Julius A. Krug, Secretary of the Interior. At the first meeting held in the Board Room of the American Petroleum Institute on Tuesday, February 10, 1948, at 10:30 AM, the Chairman outlined the events leading up to the formation of the Committee, stressing the importance of the job to be done and the short length of time allotted to do it. He reviewed the recommendations of the Council's Committee on Voluntary Petroleum Allocation Agreements, dealing with the increasing of refinery yields of middle distillates and the loading and unloading of tank cars on a seven day week schedule. He also indicated that a liaison would be brought about by industry committees with local, state and federal coordinators. The Chairman pointed out that the Committee was appointed to be an advisory Committee, and that all actions taken by those concerned were on a voluntary basis - that the Committee had no authority to allocate products or demand that anyone do anything except on a voluntary basis.

The Committee's first action was the election of a Secretary and Counsel, and selected Mr. W. H. Midwinter, of the Socony-Vacuum Oil Company, and Mr. Miles W. Newby, Jr., of the Texas Company, respectively, to fill these assignments. Mr. Newby outlined for the Committee its legal status under the program under which they proposed to operate and later submitted a report outlining in detail, the legal status of the Committee. The Committee, after passing a number of resolutions necessary to operate and establish an organization, adopted a chart of organization, under which it was prepared to function. The plan of operation called for the formation of a number of subcommittees, i.e., Refining, Transportation, Supply and Distribution, Statistical and Publicity Subcommittees. The chart also called for a committee representative in each of the six supply zones set up under P.A.W. Directive 59. A map of the operating zones of P.A.W. Directive 59 was distributed to the members forwarded to the National Petroleum Council for approval by the Secretary of the Interior.

The membership of the subcommittees, however, was not limited entirely to members of the Regional Advisory Committee, and other men in industry, all specialists in a given endeavor, were appointed to those subcommittees where it was felt they could best help. The Committee hired no help during its existence. All personnel was loaned by the Oil Companies. Expenses of the committee were defrayed from a fund of \$12,500 contributed by thirteen oil companies operating in this area. All accounting features having to do with the banking and disbursing of Committee funds were handled by the Tidewater Associated Oil Company.

The Committee, to immediately acquaint industry with its aims and purpose, sent a letter to Original Suppliers in District One, as set up under Directive 59. A similar letter was sent to all State Fuel Coordinators.

Discussion at the first meeting brought out the fact that while industry had greatly increased its production of heating oils during the months of December and January, the demands could not be met unless production was further increased. It was indicated that the additional amount needed was between 3,000,000 and 4,000,000 Bbls., dependent on the weather. A serious shortage of Kerosene was indicated. Mr. D.J. Smith, Chairman of the Refining Subcommittee, immediately sent a telegram in the name of the Committee to all refiners in District One, asking them to review their situation and advise the amount and percentage of increased production of Distillate Fuel Oil and Kerosene they could make available during February and March. Mr. Graves then called a meeting on Friday, February 13, of the refining executives of the main refiners in District One, to discuss further the matter of increasing yields of middle distillates. Mr. J. E. Dyer, Chairman of the Transportation Subcommittee then sent, for the Committee, a telegram to all tank car shippers in District One, urging their cooperation and assistance in carrying out the recommendations contained in paragraph #7 of the National Petroleum Council report. At this same first meeting, the Chairman turned over to Mr. Dyer, a telegram from Mr. R. H. Lambertson of the Office of Defense Transportation, regarding a request of the Fuel Oil Coordinator of New York State for 300 tank cars to move product into ice bound areas in upper N. Y. State. Mr. Dyer was able to assemble the required cars for this movement and a complete report showing the names of all companies participating, together with a list of the movements.

The Committee at this first meeting was also appraised of a serious impending shortage of Fuel Oil in Delaware, Philadelphia, Washington and Baltimore, and Mr. A. L. Nickerson, Chairman of the Supply and Distribution Subcommittee, called a meeting of his subcommittee for three days later, to which he invited the State Fuel Coordinators of the affected areas, together with representatives of the companies supplying the bulk of the heating oils in the areas.

A general review of the situation in Washington, Baltimore and Philadelphia at the Subcommittee meeting, participated in by the State Fuel Coordinators, revealed that a shortage of approximately 50,000 Bbls. existed in the affected area and by a series of sales, loans, and exchanges arranged for at the meeting, sufficient product was arranged for to take care of the immediate situation in these areas. The very same day, Mr. D. J. Smith, of the Refining Subcommittee, held his meeting with the refining executives of leading refiners in District One and discussion at that meeting indicated that a 3% increase in refinery yields of heating oil, over figures attained the last week in January would be realized and that the goal of 3,000,000 to 4,000,000 Bbls. of increased production would be reached. Early in February, Mr. R. H. Montgomery, Deputy Fuel Coordinator for the State of Massachusetts, appeared before the Committee and outlined in detail the plan under which they were operating in his State, and said, among other things, that "so far the industry had handled the situation so well that we have not had a dozen legitimate complaints from consumers throughout the entire State, a record of which you may be proud."

Mr. Graves then asked the Supply and Distribution Subcommittee to meet and spell out a plan of operation for the Subcommittee which would call for cooperation with the State Fuel Coordinators to the fullest extent possible. This meeting was arranged for the following morning and a set of rules were prepared for the operation of the Supply and Distribution Subcommittee. This was immediately followed a few days later by a meeting called by Mr. Nickerson, of the Zone Representatives who were asked to lay down a plan of procedure under which they would operate. The whole plan of procedure stresses operation through the State Fuel Coordinators.

It was upon the Supply and Distribution Subcommittee that the bulk of the work fell, and during its existence it held four meetings February 13 and 19, March 3 and 12. It considered altogether about twenty serious area supply problems, all of which were brought to a satisfactory conclusion. By telegraphic request during its life, it asked for a total contribution of 3,362,500 gallons of Kerosene Oil and 12,950,000 gallons of Heating Oil to be made available to State Fuel Coordinators for distribution, and obtained sufficient product in this manner to avert serious consumer hardship.

In addition to the product requested by telegram, much relief was extended in certain areas by a series of loans, exchanges and sales arranged for mainly during meetings of the subcommittee. On February 20, a telegram was sent to Mr. W. T. Faricy, President, Association of American Railroads, asking the cooperation of that organization in speeding up tank car movements, both full and empty.

As time went on, the Committee continued to receive assurance from the refiners that everything was being done to keep the yields of heating oils up to a maximum. During the first week of March, the Transportation Subcommittee announced that they had successfully met all requests for tank car transportation and that tanker transportation was less strained. They also announced that they had little difficulty obtaining barges and that a barge movement of 181,000 Bbls. of Fuel Oil had been moved into Albany and that the Hudson River was no longer a problem insofar as movement of petroleum products were concerned, and that this had relieved the strain on tank cars, which were freely available. In forecasting supply and demand figures, the Committee had consistently adhered to the policy of considering nothing beyond March 31, to which clearance to operate had been given by the Attorney General.

Again, on March 3, all refiners were telegraphed, suggesting that they again review their operations with a view of making maximum production of Kerosene and Distillate Fuel through the entire month of March. A review of distillate figures for the week ending March 6, indicated that production figures for that week were at the same high level as the figures for the last week in January, 1948, and that Kerosene Oil showed an increase of 15% over the same period. This was a move in the right direction, considering the very critical supply situation on Kerosene reported previously.

It was the policy of the Committee not to have the press attend its meetings or the meetings of its subcommittees, but following each meeting of the Committee, a statement was prepared by the Publicity Subcommittee, which was released after clearance by the Chairman and the Committee Counsel. The Committee held six meetings during its existence. The last meeting was held on March 30, and at that meeting, lacking any definite advice from the Attorney General, that his clearance to operate had been extended beyond March 31, a resolution was passed authorizing the Chairman, Vice Chairman, and Secretary to proceed with an orderly termination of the Committee's affairs. The Chairman was asked to prepare a report of the Committee's activities since its formation and, after approval of the Committee membership, to forward same to the Chairman of the National Petroleum Council.

The headquarters of the Committee were established on March 1, at Room 502, 55 Broadway, New York, N.Y., at premises formerly occupied by the Paymaster's Dept. of the Socony-Vacuum Oil Company, and telephone service was provided through the switchboard of that organization. All furniture and equipment necessary for the proper maintenance of the office was rented on a monthly basis, and a minimum amount of stationery and supplies were purchased.

At the meeting on March 30, the Committee authorized the sending of a telegram to all tank car shippers, advising them that the need for abnormal loading and unloading operations had passed, and thanking them for their cooperation and assistance.

In closing the final meeting, the Chairman, Mr. B. I. Graves, extended his thanks to the Committee members and through them to their individual companies for their splendid cooperation. He said that he felt something of value had been accomplished. He thanked the members for their faithful attendance, and splendid cooperation, which, he said, certainly was responsible for the results accomplished by the Committee. Several members replied that the accomplishments of the Committee for the short time it was in operation, did much to alleviate the critical fuel oil situation in certain areas, and that much credit was due the men who made up the field organization of this Committee, and to the splendid cooperation of industry in general. It was suggested that when the affairs of the Committee are finally resolved that letters be sent to these men and to the supplying companies, thanking them for their individual efforts.

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